

## BUDGET SECTION SUMMARY

Section Title:

SONOMA VALLEY COUNTY SANITATION DISTRICT

### A. Program Description

This budget finances operation, maintenance, and administration of a collection system, pumping stations, a treatment plant, and disposal facilities which serve the Sonoma Valley County Sanitation District (Sonoma Valley CSD). The District includes the City of Sonoma, as well as the communities of Boyes Hot Springs, Agua Caliente, El Verano and Glen Ellen. The Sonoma Developmental Center is outside the District, but is served by an agreement.

### B. Financial Summary

Section	GROSS EXPENDITURES			NET COST/USE OF FUND BALANCE		
	FY 08-09 Adopted	FY 09-10 Requested	Percent Change	FY 08-09 Adopted	FY 09-10 Requested	Percent Change
Operations	\$15,403,722	\$24,478,514	58.91%	\$3,993,237	\$12,805,435	220.68%
Construction	3,689,237	9,279,598	151.53%	1,454,237	(802,652)	(155.19%)
Outfall Line	8,458	7,345	(13.16%)	(41,253)	(42,367)	2.70%
Glen Ellen Bonds	5,702	5,102	(10.52%)	(12,548)	(13,068)	4.14%
1998 Rev Bonds	703,270	683,041	(2.88%)	(700,400)	(715,500)	2.16%
SRF Loan Reserve	0	0	N/A	(35,264)	(36,209)	2.68%
SRF Loan	160,928	151,590	(5.80%)	(279,464)	(291,592)	4.34%
<b>TOTAL:</b>	<b>\$19,971,317</b>	<b>\$34,605,190</b>	<b>73.27%</b>	<b>\$4,378,545</b>	<b>\$10,904,047</b>	<b>149.03%</b>

### C. Staffing Summary

No staffing is allocated to this index.

### D. Workload Summary

Workload Indicator	FY 07-08 Actual	FY 08-09 Budget Estimate	FY 08-09 Revised Estimate	FY 09-10 Projected	Change from FY 08-09 Budget Estimate
TOTAL ESDs	17,242	17,290	17,279	17,279	(0.06%)
TOTAL APNs	11,437	11,437	11,423	11,423	(0.12%)

### E. Summary of Issues and Significant Changes

The requested rate per ESD for FY 09-10 annual service charges is \$655, representing a 6.0% increase from FY 08-09. Annual sewer service charge revenue collected on the tax roll (adjusted for the anticipated number of ESDs and an estimated delinquency factor) is projected to be higher than the FY 08-09 budget. This revenue change is due to the fact that the annual service charges were increased for FY 09-10.

The Sonoma Valley CSD provides sewage collection, treatment, and disposal service to the Sonoma Valley area. Wastewater is collected primarily by a gravity system and flows to the Sonoma Valley CSD's wastewater treatment plant for processing. Recycled water is used to irrigate local crops during the summer and is discharged to San Pablo Bay via Schell Slough during the winter. The Sonoma Valley CSD's treatment plant is permitted to treat an average daily dry weather flow of up to 3.0 million gallons per day to secondary wastewater treatment standards. Waste Discharge Requirements, Order No. R2-2002-0046 (NPDES Permit No. CA0037800), was issued on March 20, 2002 by the California Regional Water Quality Control Board, San Francisco Bay Region (SFBRWQCB) for Sonoma Valley CSD's treatment plant.

In the past, the Sonoma Valley treatment plant experienced numerous operational difficulties due to high wet weather inflows, worn out and obsolete equipment, and insufficient storage and disposal capacity in the reclamation system. Because of significant capital improvements and operational changes, the District had a significant reduction in violations over the last several years.

Most of the District's collection system is several decades old. A 1994 study of the collection system showed that approximately 10 of the 120 miles of Sonoma Valley CSD's pipeline needs to be repaired or replaced due to deterioration or insufficient capacity. The Sonoma Valley CSD completed a wet weather overflow prevention study, which was in response to a Notice of Violation issued by the SFBRWQCB regarding sewer system overflows on April of 1999. The study identified areas within the Sonoma Valley CSD's collection system where repair and/or replacement projects are the most needed. A program to replace the District's collection system over a period of several decades is needed to ensure the reliability and safety of this infrastructure. It is estimated that this program could require on the order of \$2,000,000 per year to implement. The District is monitoring activities aimed at developing state and federal infrastructure replacement funding for systems such as Sonoma Valley CSD. Additionally, the District has been and will continue to increase rates over and above the rate of inflation to generate funds for replacing the collection system.

The requested rates should provide the funds necessary to operate and maintain the Sonoma Valley CSD's collection system, treatment plant, and reclamation system. As indicated above, the District has been increasing rates to generate funds needed for the replacement of aging infrastructure. The District is also progressing on development of a recycled water distribution system that would offset potable water use.

**F. Summary of Reduction Options**

No reduction options are proposed.

**G. Attachments**

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

**Section Title:** SONOMA VALLEY CSD - OPERATIONS  
**Section/Index No:** 653105

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
<b>REVENUES:</b>				
<b><u>TAXES</u></b>				
1001 Flat Charges - CY	\$9,071,844	\$9,608,064	\$536,220	5.91%
1061 Flat Charges - PY	125,000	125,000	0	0.00%
1120 Penalties / Costs on Taxes	21,000	21,000	0	0.00%
<b>Subtotal Taxes</b>	<b>\$9,217,844</b>	<b>\$9,754,064</b>	<b>\$536,220</b>	<b>5.82%</b>
<b><u>USE OF MONEY</u></b>				
1700 Interest on Pooled Cash	\$60,000	\$28,875	(\$31,125)	(51.88%)
1701 Interest Earned	213,459	197,795	(15,664)	(7.34%)
1801 Rent-Real Estate	11,000	11,000	0	0.00%
<b>Subtotal Use of Money</b>	<b>\$284,459</b>	<b>\$237,670</b>	<b>(\$46,789)</b>	<b>(16.45%)</b>
<b><u>CHARGES FOR SERVICES</u></b>				
3400 Sanitation Services	\$1,235,382	\$1,309,345	\$73,963	5.99%
3403 Industrial Users Mon/Dischg	30,000	15,000	(15,000)	(50.00%)
3404 Septic Charges	100,000	100,000	0	0.00%
<b>Subtotal Charges for Services</b>	<b>\$1,365,382</b>	<b>\$1,424,345</b>	<b>\$58,963</b>	<b>4.32%</b>
<b><u>MISCELLANEOUS REVENUE</u></b>				
4099 Conservation Program	\$542,800	\$257,000	(\$285,800)	(52.65%)
<b>Subtotal Miscellaneous Revenue</b>	<b>\$542,800</b>	<b>\$257,000</b>	<b>(\$285,800)</b>	<b>(52.65%)</b>
<b><u>ADMINISTRATIVE CONTROL ACCOUNT</u></b>				
4200 ENT - LTD Proceeds	\$373,178	\$10,000,000	\$9,626,822	2579.69%
4209 ENT - LTD Proceeds - Clearing	(373,178)	(10,000,000)	(\$9,626,822)	2579.69%
4210 Advances	668,466	388,845	(\$279,621)	(41.83%)
4219 Advances - Clearing	(668,466)	(388,845)	279,621	(41.83%)
<b>Subtotal Admin. Control Account</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL REVENUES</b>	<b>\$11,410,485</b>	<b>\$11,673,079</b>	<b>\$262,594</b>	<b>2.30%</b>

**EXPENDITURES:**

**SERVICES AND SUPPLIES**

6040 Communications	\$15,000	\$15,000	\$0	0.00%
6140 Maintenance - Equipment	200,000	200,000	0	0.00%
6180 Maintenance - Bldgs / Impr	300,000	305,000	5,000	1.67%
6262 Lab Supplies	25,000	25,000	0	0.00%
6280 Memberships	0	15,000	15,000	N/A

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
<b><u>SERVICES AND SUPPLIES (cont'd)</u></b>				
6512 Testing-Analysis	80,000	120,000	40,000	50.00%
6521 County Services	70,413	60,000	(10,413)	(14.79%)
6522 District Services	402,500	600,000	197,500	49.07%
6523 District Operations	4,307,000	4,450,000	143,000	3.32%
6570 Consultant Services	325,052	347,095	22,043	6.78%
6573 Administration Costs	75,000	80,000	5,000	6.67%
6610 Legal Services	20,000	20,000	0	0.00%
6629 Fiscal Accounting Services	100,000	120,000	20,000	20.00%
6630 Audit / Accounting Services	25,000	25,000	0	0.00%
7201 Gas/Oil	10,000	10,000	0	0.00%
7206 Equipment Usage Charge	450,000	450,000	0	0.00%
7212 Chemicals	550,000	550,000	0	0.00%
7217 State Permits / Fees	25,000	25,000	0	0.00%
7247 Water Conservation	542,800	257,000	(285,800)	(52.65%)
7250 Reimbursable Projects	30,000	30,000	0	0.00%
7320 Utilities	250,000	1,000	(249,000)	(99.60%)
7394 Power	640,000	900,000	260,000	40.63%
<b>Subtotal Services and Supplies</b>	<b>\$8,442,765</b>	<b>\$8,605,095</b>	<b>\$162,330</b>	<b>1.92%</b>
<b><u>OTHER CHARGES</u></b>				
7920 Interest	\$0	\$605,000	\$605,000	N/A
7980 Depreciation	3,042,600	3,202,500	159,900	5.26%
<b>Subtotal Other Charges</b>	<b>\$3,042,600</b>	<b>\$3,807,500</b>	<b>\$764,900</b>	<b>25.14%</b>
<b><u>OTHER FINANCING USES</u></b>				
8625 OT - W/in Special Dist - BOS	\$3,718,357	\$11,915,919	\$8,197,562	220.46%
<b>Subtotal Other Financing Uses</b>	<b>\$3,718,357</b>	<b>\$11,915,919</b>	<b>\$8,197,562</b>	<b>220.46%</b>
<b><u>APPROPRIATIONS FOR CONT</u></b>				
9000 Approp for Contingencies	\$200,000	\$150,000	(\$50,000)	(25.00%)
<b>Subtotal Approp for Contingencies</b>	<b>\$200,000</b>	<b>\$150,000</b>	<b>(\$50,000)</b>	<b>(25.00%)</b>
<b><u>ADMINISTRATIVE CONTROL ACCOUNT</u></b>				
9200 Ent - Principal	\$0	\$350,638	\$350,638	N/A
9209 Ent - Principal Clearing	0	(350,638)	(350,638)	N/A
<b>Subtotal Administrative Control</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL EXPENDITURES</b>	<b>\$15,403,722</b>	<b>\$24,478,514</b>	<b>\$9,074,792</b>	<b>58.91%</b>
<b>TOTAL NET COST</b> <i>(Expenditures Minus Revenues)</i>	<b>\$3,993,237</b>	<b>\$12,805,435</b>	<b>\$8,812,198</b>	<b>220.68%</b>

# FY 2009-10 BUDGET

## CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Operations

Character Title: Taxes

Character No.: 653105-10

### 1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 08-09 budget. The rate will increase 6.0%, from \$618 to \$655.

ESDs times annual rate:	15,280 x \$655	\$10,008,400
Less Estimated Delinquency Factor:	4%	(400,336)
		<u>\$9,608,064</u>

(See SubObject 3400 for Total ESDs)

### 1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

### 1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 653105-17

### 1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$1,650,000
Projected Interest Rate	<u>1.75%</u>
Projected Interest on Pooled Cash	\$28,875

### 1701 Interest Earned

This represents the interest earnings on the advance to the Power Resources Fund for the purchase of the photovoltaic facility located at the treatment plant.

Character Title: Charges for Services

Character No.: 653105-30

### 3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

$$\text{ESDs x Annual Charge} \quad 1,999 \times \$655 \quad = \quad \$1,309,345$$

### 3403 Industrial Users Monitoring/Discharge

This account records revenue associated with the Industrial Users Monitoring Program or revenue received from any industrial user for events such as an unauthorized (or specially authorized) discharge into the treatment plant. The budgeted amount is expected to offset monitoring expenses anticipated to be incurred primarily by the Agency's Environmental Compliance Inspector (see Sub-object 7250, Reimbursable Projects).

### 3404 Septic Disposal Fee

This account records the revenue to the district for septic haulers using the treatment plant facilities to dispose of septic waste.

**Character Title:** Miscellaneous Revenue

**Character No.:** 653105-40

**4099 Conservation Program**

This account records \$1,500 of each connection fee to support the water conservation program per Ordinance 59 dated 8/8/2002.

**Character Title:** Administrative Control Account

**Character No.:** 653105-42

**4200 ENT - LTD Proceeds**

This account will record the anticipated receipt of \$10,000,000 of Revenue Bonds for the Napa/Sonoma Salt Marsh Project.

**4209 ENT - LTD Proceeds - Clearing**

This is the clearing account for sub-object 4200.

**4210 Advances**

This account records the proceeds from the ISF-Power Resources Fund to purchase the photovoltaic asset. The total asset value as of 6/30/08 is \$8,021,593 which will be paid over 12 years.

**4219 Advances - Clearing**

This is the clearing account for sub-object 4210.

**Character Title:** Services and Supplies

**Character No.:** 653105-60

**6040 Communications**

This account records expenses paid by the District for outside communication and wireless services.

**6140 Maintenance - Equipment**

This account records the cost of materials for routine maintenance of equipment.

**6180 Maintenance - Bldgs / Impr**

This account records the cost of parts and materials required to maintain the collection system and treatment facilities.

**6262 Lab Supplies**

This account records the cost of lab supplies required for testing and monitoring wastewater.

**6280 Memberships**

This account records membership due in the North Bay Watershed Association.

**6512 Testing and Analysis**

This account records expenses incurred to comply with all regulatory testing requirements.

**6521 County Services**

This item records the expense of agenda services for FY 09-10.

**6522 District Services**

This account records the service and supply type items associated with operations and maintenance of the District's facilities.

**6523 District Operations**

This account records the cost of labor and overhead associated with operations and maintenance of the District's facilities, as well as staff costs associated with supporting the San Francisco Bay Integrated Regional Water Management Plan and Recycled Water Project.

**6570 Consultant Services**

This account records the costs of services provided by outside consultants including \$25,000 for the San Francisco Bay Integrated Regional Water Management Plan, \$50,000 for the Economic Development Board for the Water Conservation Program, \$25,000 for ZSI PJ 7231-05, \$30,000 for the Ground Water Management Plan PJ 4087-02, North Bay Reuse Authority (\$160,000), Arc Flash Study (\$7,095) PJ 7176-07 and KNN Public Finance (\$50,000).

**6573 Administration Costs**

This account represents the 1% administration fee assessed by the County for processing collection of flat charges on the tax roll.

**6610 Legal Services**

This item covers the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

**6629 Fiscal Accounting Services**

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to District's accounting.

**6630 Audit / Accounting Services**

This account represents the cost of accounting and audit services provided by an outside certified public accounting service.

**7201 Gas/Oil**

This item include the costs of gas, diesel and oil.

**7206 Equipment Usage Charges**

This item is requested to provide funds for equipment usage.

**7212 Chemicals**

This account records the cost of chemicals required for operation of the treatment plant in accordance with the District's NPDES permit (as required by the State Water Quality Control Board).

**7217 State Permits / Fees**

This account records the cost of obtaining the District's permits related to NPDES, as mandated by the Regional Water Quality Control Board.

**7247 Water Conservation Program**

This account reflects \$70,000 for the Toilet Rebate Program, \$50,000 for the Economic Development Board and \$137,000 for the expanded water conservation program. This program is funded by revenue generated by the \$1,500 connection fee noted above under sub-object 4099.

**7250 Reimbursable Projects**

This account records any expenses that are expected to be covered by reimbursement. The budget request is based on projected expenses associated with the Environmental Compliance Inspector and the program for monitoring industrial users.

**7320 Utilities**

This account records the cost of payments made for utilities such as water.

**7394 Power**

This account records the cost of utilities such as gas and electricity.

**Character Title:****Other Charges****Character No.: 653105-75****7920 Interest**

This account reflects the interest expense for the Revenue Bond for the Napa/Sonoma Salt Marsh Project.

**7980 Depreciation**

Generally Accepted Accounting Principles require that depreciation be expensed each year.

**Character Title:****Other Financing Uses****Character No.: 653105-86****8625 OT - W/in Special Dist - BOS**

This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund, the 1998 Revenue Bond Fund, SRF Loan and SRF Loan Reserve funds to cover principal and interest payments, as well as to the Construction Fund to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

*Transfer to:*

Outfall Line Fund	\$ 49,712
1998 Revenue Bond Fund	1,388,041
SRF Loan	443,182
SRF Loan Reserve	34,984
Construction Fund	10,000,000
Total Operating Transfer	<u>\$11,915,919</u>

**Character Title:****Appropriations for Contingencies****Character No.: 653105-90****9000 Appropriations for Contingencies**

This account provides funding for unanticipated expenditures or revenue shortfalls.

**Character Title:****Administrative Control Account****Character No.: 653105-92****9200 Ent - Principal**

This account reflects the principal expense for the Revenue Bond for the Napa/Sonoma Salt Marsh Project.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$10,000,000
FY 09-10 Principal Payment:	<u>(350,638)</u>
Outstanding Loan Amount	\$9,649,362

**9209 Ent - Principal Clearing**

This is the clearing account for sub-object 9200, Ent - Principal.



**FY 2009-10 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

Department: Sonoma County Water Agency - Sanitation  
Section: Sonoma Valley CSD - Operations  
Index No.: 653105

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
<b>Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings</b>			
<b>Available for Budgeting (See Detailed Components Below)</b>	<b>\$2,155,216</b>	<b>\$2,005,504</b>	<b>\$1,305,316</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	10,207,700	11,182,900	11,673,079
Expenditures - (Decrease) retained earnings	(16,199,084)	(15,821,709)	(24,478,514)
<b>Net Surplus or Deficit - Inc/(Dec) to retained earnings</b>	<b>(5,991,384)</b>	<b>(4,638,809)</b>	<b>(12,805,435)</b>
<b>Adjustments to Reserves/Encumbrances:</b>			
7980 Depreciation	2,483,022	3,019,369	3,202,500
Net Change in Encumbrance	(105,378)	530,407	-
4200 - Proceeds from LT Debt	-	-	10,000,000
9200 Ent - Principal Payments	-	-	(350,638)
Change in Water Conservation Reserve	80,649	-	-
Transfer Asset to Power Resources Fund	2,784,353	-	-
Post Audit Adjustment - Payables	(63,000)	-	-
Post Audit Adjustment - Receivables	(69,295)	-	-
Change in Due from Other Fund	373,178	15,667	-
Advances-ISF Power Resources Fund	358,144	373,178	388,845
<b>Net Adjustment - Increase/(Decrease) to Retained Earnings</b>	<b>5,841,673</b>	<b>3,938,621</b>	<b>13,240,707</b>
<b>Undesignated/Unreserved <u>ENDING</u> Retained Earnings</b>			
<b>Available for Budgeting</b>	<b>\$2,005,504</b>	<b>\$1,305,316</b>	<b>\$1,740,588</b>
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> <i>(Difference between Beginning and Ending Balance)</i>	<b>(\$149,712)</b>	<b>(\$700,188)</b>	<b>\$435,272</b>
<b><u>Retained Earnings Components at Beginning of FY</u></b>	<b><u>7/1/07</u></b>	<b><u>7/1/08</u></b>	
Cash	\$4,282,255	\$3,913,965	
Other Receivables-Flat Charges	431,156	502,682	
Prepaid Expense	125,060	-	
Accounts Payable	(217,660)	(293,997)	
Water Conservation Reserve	(2,040,566)	(1,959,917)	
Due From Other Funds	-	373,178	
Encumbrances (PO)	(26,294)	(31,520)	
Encumbrances (Contract)	(398,735)	(498,887)	
<b>Total Beginning Retained Earnings</b>	<b>\$2,155,216</b>	<b>\$2,005,504</b>	

**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Section Title: **SONOMA VALLEY CSD - CONSTRUCTION**  
 Section/Index No: **653303**

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
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**REVENUES:**

**USE OF MONEY**

1700 Interest on Pooled Cash	\$60,000	\$82,250	\$22,250	37.08%
<b>Subtotal Use of Money</b>	<b>\$60,000</b>	<b>\$82,250</b>	<b>\$22,250</b>	<b>37.08%</b>

**MISCELLANEOUS REVENUE**

4102 Donations/Reimbursements	\$0	\$0	\$0	N/A
4303 State Grants	375,000	0	(375,000)	(100.00%)
<b>Subtotal Miscellaneous Revenue</b>	<b>\$375,000</b>	<b>0</b>	<b>(\$375,000)</b>	<b>(100.00%)</b>

**ADMINISTRATIVE CONTROL ACCOUNT**

4200 ENT - LTD Proceeds	\$0	\$0	0	N/A
4209 ENT - LTD Proceeds - Clearing	0	0	0	N/A
<b>Subtotal Admin. Control Account</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

**OTHER FINANCING SOURCES**

4625 OT - W/in Special Dist - BOS	\$1,800,000	\$10,000,000	\$8,200,000	455.56%
<b>Subtotal Other Financing Sources</b>	<b>\$1,800,000</b>	<b>\$10,000,000</b>	<b>\$8,200,000</b>	<b>455.56%</b>

<b>TOTAL REVENUES</b>	<b>\$2,235,000</b>	<b>\$10,082,250</b>	<b>\$7,847,250</b>	<b>351.11%</b>
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**EXPENDITURES:**

**FIXED ASSETS**

8500 Land	\$1,250,000	\$0	(\$1,250,000)	(100.00%)
8510 Building / Improvement	1,854,237	5,220,098	3,365,861	181.52%
9142 Capital Replacement Program	585,000	4,059,500	3,474,500	593.93%
<b>Subtotal Fixed Assets</b>	<b>\$3,689,237</b>	<b>\$9,279,598</b>	<b>\$5,590,361</b>	<b>151.53%</b>

<b>TOTAL EXPENDITURES</b>	<b>\$3,689,237</b>	<b>\$9,279,598</b>	<b>\$5,590,361</b>	<b>151.53%</b>
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<b>TOTAL NET COST</b>	<b>\$1,454,237</b>	<b>(\$802,652)</b>	<b>(\$2,256,889)</b>	<b>(155.19%)</b>
<i>(Expenditures Minus Revenues)</i>				

# FY 2009-10 BUDGET

## CHARACTER JUSTIFICATION

**Department - Division:** Sonoma County Water Agency - Sanitation

**Section Title:** Sonoma Valley CSD - Construction

**Character Title:** Use of Money

**Character No.:** 653303-17

### 1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$4,700,000
Projected Interest Rate	<u>1.75%</u>
Projected/Planned Interest on Pooled Cash	\$82,250

**Character Title:** Miscellaneous Revenue

**Character No.:** 653303-40

### 4303 State Grants

This account will records the anticipated receipt of the Prop 50 State Grant to begin design of the Agency's portion of the Napa-Sonoma Salt Marsh Project.

**Character Title:** Other Financing Sources

**Character No.:** 653303-46

### 4625 OT - w/in Special Dist - BOS

This account reflects the transfer from the Operations Fund (\$10,000,000) to finance the Capital Replacement Program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

**Character Title:** Fixed Assets

**Character No.:** 653303-85

### 8510 Buildings / Improvements

This account can be used to provide capacity to new users pursuant to the County General Plan (using connection fee revenue), as well as for treatment plant and reclamation system improvement projects.

The following projects are planned for the forthcoming year:

Building/Improvements	PCAS No.	Amount
<u>Recycled Water Project</u>	3761	\$750,000

This project will construct an underground pipeline distribution system throughout portions of the southern Sonoma Valley to provide recycled water for agricultural and urban irrigation uses. The current budget item will fund costs associated with design and permit compliance.

**8510 Buildings / Improvements (Continued)**

Building/Improvements	PCAS No.	Amount
<u>North San Pablo Bay Project</u>	TBD	150,000
Funding will be used for project management and coordination with other Agencies.		
<u>Upland Ponds Rehabilitation</u>	7183	803,000
This project is for rehabilitation of upland ponds required as mitigation for reclamation project.		
<u>Underground Fuel Tank Replacement</u>	7146	225,000
This project will remove the existing diesel underground storage tank and replace it with a new above-ground tank.		
<u>Napa/Sonoma Salt Marsh</u>	TBD	780,098
Funding will be used to begin design of the pipeline project to provide recycled water to the salt marsh		
<u>Bio-Solids Handling Facility</u>	4051	<u>2,512,000</u>
Funding will be used to construction improvements to the bio-solids handling facility.		
Subtotal for Buildings / Improvements (Sub-object 8510)		\$ 5,220,098

**9142 Capital Replacement Program**

The funding requested in this account is for repair and replacement of the sewer collection system. Long-term replacement of existing facilities that are worn out and in disrepair will help to bring the facilities up to current sanitation standards and will extend the life of the sanitation infrastructure.

<u>Main Sewer Trunk Replacement-Phase 3</u>	TBD	\$ 3,609,500
This project will replace a portion of the existing trunk main. Funding will be used to construct the portion between East Watmaugh Road and the treatment plant.		
<u>Main Sewer Trunk Replacement-Phase 4</u>	TBD	<u>450,000</u>
This project will replace a portion of the existing trunk main. Funding will be used to design the portion of the trunk replacement project between 6th Street West and Agua Caliente Creek.		
Subtotal for Capital Replacement Program (Sub-object 9142)		\$ 4,059,500

**Grand Total - Character 85** \$ 9,279,598

# FY 2009-10 BUDGET

## STATEMENT OF SPECIAL FUND ACTIVITY

Department Sonoma County Water Agency - Sanitation

Section: Sonoma Valley CSD - Construction

Index No.: 653303

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
<b>Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings</b>			
Available for Budgeting (See Detailed Components Below)	(\$3,132,091)	\$3,130,671	\$2,948,210
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	8,083,832	3,509,776	10,082,250
Expenditures - (Decrease) retained earnings	(6,582,544)	(4,108,076)	(9,279,598)
<b>Net Surplus or Deficit - Inc/(Dec) to retained earnings</b>	<u>1,501,288</u>	<u>(598,300)</u>	<u>802,652</u>
<b>Adjustments to Reserves/Encumbrances:</b>			
PY CIP Reclass	1,185	-	-
Capitalized Interest	(383,990)	-	-
Change in Encumbrances	<u>5,144,280</u>	<u>415,839</u>	<u>-</u>
<b>Net Adjustment - Increase/(Decrease) to Fund Balance</b>	<u>4,761,475</u>	<u>415,839</u>	<u>-</u>
<b>Undesignated/Unreserved <u>ENDING</u> Retained Earnings</b>			
Available for Budgeting	\$3,130,671	\$2,948,210	\$3,750,862
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> <i>(Difference between Beginning and Ending Balance)</i>	<b>\$6,262,762</b>	<b>(\$182,461)</b>	<b>\$802,652</b>
<b><u>Retained Earnings Components at Beginning of FY</u></b>	<b><u>7/1/07</u></b>	<b><u>7/1/08</u></b>	
Cash	\$4,418,056	\$3,876,955	
Accounts Payable	(1,503,202)	(293,022)	
Contract Retention Payable	(486,826)	(37,423)	
Encumbrances (PO)	-	(76,603)	
Encumbrances (Contract)	(5,560,119)	(339,236)	
<b>Total Beginning Retained Earnings</b>	<u>(\$3,132,091)</u>	<u>\$3,130,671</u>	

**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Section Title: SONOMA VALLEY CSD - OUTFALL LINE

Section/Index No: 653337

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
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**REVENUES:**

**USE OF MONEY**

1700 Interest on Pooled Cash	\$0	\$0	\$0	N/A
<b>Subtotal Use of Money</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

**OTHER FINANCING SOURCES**

4625 OT - W/in Special District - BOS	\$49,711	\$49,712	\$1	0.00%
<b>Subtotal Other Financing Sources</b>	<b>\$49,711</b>	<b>\$49,712</b>	<b>\$1</b>	<b>0.00%</b>

<b>TOTAL REVENUES</b>	<b>\$49,711</b>	<b>\$49,712</b>	<b>\$1</b>	<b>0.00%</b>
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**EXPENDITURES:**

**OTHER CHARGES**

7930 Interest - LT Debt	\$8,458	\$7,345	(\$1,113)	(13.16%)
<b>Subtotal Other Charges</b>	<b>\$8,458</b>	<b>\$7,345</b>	<b>(\$1,113)</b>	<b>(13.16%)</b>

**ADMINISTRATIVE CONTROL ACCOUNT**

9210 Advances	\$41,253	\$42,367	\$1,114	2.70%
9219 Advances - Clearing	(41,253)	(42,367)	(1,114)	2.70%
<b>Subtotal Administrative Control</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

<b>TOTAL EXPENDITURES</b>	<b>\$8,458</b>	<b>\$7,345</b>	<b>(\$1,113)</b>	<b>(13.16%)</b>
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<b>TOTAL NET COST</b>	<b>(\$41,253)</b>	<b>(\$42,367)</b>	<b>(\$1,114)</b>	<b>2.70%</b>
<i>(Expenditures Minus Revenues)</i>				

**FY 2009-10 BUDGET**  
**CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Outfall Line

Character Title: Use of Money

Character No.: 653337-17

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the District by the County Treasurer's office. No significant cash balance is maintained in this fund. Cash transfers are made from the Operations Fund to this fund only as necessary to make annual payments due on the long term loan from the State. Accordingly, we do not recommend budgeting any interest revenue during the forthcoming year.

Character Title: Other Financing Sources

Character No.: 653337-46

**4625 OT - W/in Special Dist - BOS**

The revenues supporting the payments on the long term loan from the State Revolving Fund are collected in the Operations Fund. This account reflects the transfer of cash from the Operations Fund to the Outfall Line Fund to cover the annual principal and interest payment.

Character Title: Other Charges

Character No.: 653337-75

**7930 Interest on LT Debt**

This account reflects the interest expense on the outstanding loan from the State Revolving Fund. Payments began on this loan in July 1995 and will continue annually until July 2014. The FY 09-10 request is based on the repayment schedule prepared by the State.

Character Title: Administrative Control Account

Character No.: 653337-92

**9210 Advances**

This account reflects the principal payments on a long term (20 year) loan issued to the District in 1994 from the State Revolving Fund. Payments on the loan will continue until July 2014. The FY 09-10 request is based on the repayment schedule prepared by the State.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$760,992
Total FY 95-96 through FY 07-08 Principal Payments:	(447,754)
FY 08-09 Principal Payment:	(41,253)
	<hr/>
Outstanding Loan Amount	\$271,985

**9219 Advances - Clearing**

This is the clearing account for sub-object 9210, Advances.

**FY 2009-10 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

**Department:** Sonoma County Water Agency - Sanitation

**Section:** Sonoma Valley CSD - Outfall Line

**Index No.:** 653337

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
<b>Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings</b>			
<b>Available for Budgeting</b> (See Detailed Components Below)	<b>(\$28,514)</b>	<b>(\$28,587)</b>	<b>(\$29,500)</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	49,636	49,889	49,712
Expenditures - (Decrease) retained earnings	(8,457)	(8,435)	(7,345)
<b>Net Surplus or Deficit</b> - Increase/(Dec) to retained earnings	<u>41,179</u>	<u>41,454</u>	<u>42,367</u>
<b>Adjustments to Reserves/Encumbrances:</b>			
9210 Advances	(40,168)	(41,253)	(42,367)
Change in Due to Other Governments	(1,085)	(1,114)	-
<b>Net Adjustment</b> - Increase/(Decrease) to Retained Earnings	<u>(41,253)</u>	<u>(42,367)</u>	<u>(42,367)</u>
<b>Undesignated/Unreserved <u>ENDING</u> Retained Earnings</b>			
<b>Available for Budgeting</b>	<b>(\$28,587)</b>	<b>(\$29,500)</b>	<b>(\$29,500)</b>
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>(\$73)</b>	<b>(\$913)</b>	<b>\$0</b>

<b><u>Retained Earnings Components at Beginning of FY</u></b>	<b><u>7/1/07</u></b>	<b><u>7/1/08</u></b>
Cash	\$21,196	\$21,122
Due to Other Governments	(40,168)	(41,252)
Interest Payable	(9,542)	(8,457)
<b>Total Beginning Retained Earnings</b>	<b>(\$28,514)</b>	<b>(\$28,587)</b>



**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Section Title: SONOMA VALLEY CSD - GLEN ELLEN BONDS

Section/Index No: 653345

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
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**REVENUES:**

**TAXES**

1000 Prop Taxes - CY Secured	\$17,500	\$17,500	\$0	0.00%
1020 Prop Taxes - CY Supplemental	150	200	50	33.33%
1040 Prop Taxes - CY Unsecured	400	400	0	0.00%
<b>Subtotal Taxes</b>	<b>\$18,050</b>	<b>\$18,100</b>	<b>\$50</b>	<b>0.28%</b>

**USE OF MONEY**

1700 Interest on Pooled Cash	\$200	\$70	(\$130)	(65.00%)
<b>Subtotal Use of Money</b>	<b>\$200</b>	<b>\$70</b>	<b>(\$130)</b>	<b>(65.00%)</b>

<b>TOTAL REVENUES</b>	<b>\$18,250</b>	<b>\$18,170</b>	<b>(\$80)</b>	<b>(0.44%)</b>
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**EXPENDITURES:**

**SERVICES AND SUPPLIES**

6635 Fiscal Agent Fees	\$52	\$52	\$0	0.00%
<b>Subtotal Services and Supplies</b>	<b>\$52</b>	<b>\$52</b>	<b>\$0</b>	<b>0.00%</b>

**OTHER CHARGES**

7920 Interest	\$5,650	\$5,050	(\$600)	(10.62%)
<b>Subtotal Other Charges</b>	<b>\$5,650</b>	<b>\$5,050</b>	<b>(\$600)</b>	<b>(10.62%)</b>

**ADMINISTRATIVE CONTROL ACCOUNT**

9200 Ent - Principal	\$12,000	\$12,000	\$0	0.00%
9209 Ent - Principal Clearing	(12,000)	(12,000)	0	0.00%
<b>Subtotal Administrative Control</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

<b>TOTAL EXPENDITURES</b>	<b>\$5,702</b>	<b>\$5,102</b>	<b>(\$600)</b>	<b>(10.52%)</b>
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<b>TOTAL NET COST</b>	<b>(\$12,548)</b>	<b>(\$13,068)</b>	<b>(\$520)</b>	<b>4.14%</b>
<i>(Expenditures Minus Revenues)</i>				

**FY 2009-10 BUDGET**  
**CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - Glen Ellen Bonds

Character Title: Taxes

Character No.: 653345-10

**1000 Prop Taxes - CY Secured**

The Auditor-Controller establishes a tax rate sufficient to accumulate tax revenues necessary to make bond payments of interest and principal. The bonds were passed to fund construction of sewage facilities.

**1020 Prop Taxes - CY Supplemental**

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

**1040 Prop Taxes - CY Unsecured**

The amount requested for property tax revenue is based on prior year actuals and current year estimates from the Auditor-Controller's office.

**Note:**

The FY 09-10 bond payment amount (principal and interest) is \$17,050. To avoid major fluctuations in the tax rate from year to year, the tax amount budgeted and/or collected each year may not correspond exactly to the annual bond payment (P&I). Over or under collection in any single year (when compared to the bond payment for that year) merely increases or decreases the fund balance retained for this index. The Auditor's long term tax rate calculations are designed to ensure that debt service obligations are met, while retaining an appropriate level of fund balance, and minimizing unnecessary tax rate fluctuations.

**Character Title: Use of Money**

**Character No.: 653345-17**

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for this Bond Fund by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$4,000
Projected Interest Rate	1.75%
Projected/Planned Interest on Pooled Cash	\$70

**Character: Services and Supplies**

**Character No.: 653345-60**

**6635 Fiscal Agent Fees**

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

**Character: Other Charges**

**Character No.: 653345-75**

**7920 Interest**

This account reflects the interest expense on the outstanding general obligation bonds. The interest rate is 5%. Payments began January 1, 1977 and will continue semi-annually until July 1, 2016. The FY 09-10 request is based on the bond amortization schedule prepared at the time the bonds were sold.

**9200 Ent - Principal**

This account reflects the principal expense for general obligation bonds that were issued in 1976 to finance the local share of a wastewater collection system. Payments on the bonds will continue until September 1, 2016. FY 09-10 request is based on the bond amortization schedule prepared at the time the bonds were sold.

The following reflects the bond principal payment history to date:

Original Amount of the General Obligation Bond Issue:	\$300,000
Total FY 77-78 through FY 07-08 Principal Payments:	(176,000)
FY 08-09 Principal Payment:	(11,000)
Outstanding Bond Amount	<u>\$113,000</u>

**9209 Ent - Principal Clearing**

This is the clearing account for sub-object 9200, Ent - Principal.

**FY 2009-10 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

Department: Sonoma County Water Agency - Sanitation  
Section: Sonoma Valley CSD - Glen Ellen Bonds  
Section: 653345

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
<b>Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings</b>			
<b>Available for Budgeting (See Detailed Components Below)</b>	<b>\$5,263</b>	<b>\$7,238</b>	<b>\$3,737</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	19,224	14,201	18,170
Expenditures - (Decrease) retained earnings	(6,250)	(5,702)	(5,102)
<b>Net Surplus or Deficit - Inc/(Dec) to retained earnings</b>	<b>12,974</b>	<b>8,499</b>	<b>13,068</b>
<b>Adjustments to Reserves/Encumbrances:</b>			
9200 - Enterprise Principal	(11,000)	(12,000)	(12,000)
<b>Net Adjustment - Increase/(Decrease) to Retained Earnings</b>	<b>(11,000)</b>	<b>(12,000)</b>	<b>(12,000)</b>
<b>Undesignated/Unreserved <u>ENDING</u> Retained Earnings</b>			
<b>Available for Budgeting</b>	<b>\$7,238</b>	<b>\$3,737</b>	<b>\$4,805</b>
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> <i>(Difference between Beginning and Ending Balance)</i>	<b>\$1,975</b>	<b>(\$3,501)</b>	<b>\$1,068</b>
 <b><u>Retained Earnings Components at Beginning of FY</u></b>	<b><u>7/1/07</u></b>	<b><u>7/1/08</u></b>	
Cash	\$5,263	\$7,238	
<b>Total Beginning Fund Balance</b>	<b>\$5,263</b>	<b>\$7,238</b>	

**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Section Title: SONOMA VALLEY CSD - 1998 REVENUE BONDS  
 Section/Index No: 653352

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
<b>REVENUES:</b>				
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$10,400	\$10,500	\$100	0.96%
1701 Interest Earned	0	0	0	N/A
<b>Subtotal Use of Money</b>	<b>\$10,400</b>	<b>\$10,500</b>	<b>\$100</b>	<b>0.96%</b>
<u>Other Financing Sources</u>				
4625 OT - W/in Special Dist - BOS	\$1,393,270	\$1,388,041	(\$5,229)	(0.38%)
<b>Subtotal Other Financing Sources</b>	<b>\$1,393,270</b>	<b>\$1,388,041</b>	<b>(\$5,229)</b>	<b>(0.38%)</b>
<b>TOTAL REVENUES</b>	<b>\$1,403,670</b>	<b>\$1,398,541</b>	<b>(\$5,129)</b>	<b>(0.37%)</b>
<b>EXPENDITURES:</b>				
<u>SERVICES AND SUPPLIES</u>				
6635 Fiscal Agent Fees	\$8,000	\$8,000	\$0	0.00%
6640 Debt Issuance Costs	19,884	19,884	0	0.00%
<b>Subtotal Services and Supplies</b>	<b>\$27,884</b>	<b>\$27,884</b>	<b>\$0</b>	<b>0.00%</b>
<u>OTHER CHARGES</u>				
7920 Interest	\$664,386	\$644,157	(\$20,229)	(3.04%)
7923 Discount/Bonds	11,000	11,000	0	0.00%
<b>Subtotal Other Charges</b>	<b>\$675,386</b>	<b>\$655,157</b>	<b>(\$20,229)</b>	<b>(3.00%)</b>
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
<b>Subtotal Other Financing Uses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<u>ADMINISTRATIVE CONTROL ACCOUNT</u>				
9200 Ent - Principal	\$690,000	\$705,000	\$15,000	2.17%
9209 Ent - Principal Clearing	(690,000)	(705,000)	(15,000)	2.17%
<b>Subtotal Administrative Control</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>TOTAL EXPENDITURES</b>	<b>\$703,270</b>	<b>\$683,041</b>	<b>(\$20,229)</b>	<b>(2.88%)</b>
<b>TOTAL NET COST</b> (Expenditures Minus Revenues)	<b>(\$700,400)</b>	<b>(\$715,500)</b>	<b>(\$15,100)</b>	<b>2.16%</b>

**FY 2009-10 BUDGET**  
**CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - 1998 Revenue Bonds

Character Title: Use of Money

Character No.: 653352-17

**1700 Interest on Pooled Cash**

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$600,000
Projected Interest Rate	1.75%
Projected/Planned Interest on Pooled Cash	\$10,500

**1701 Interest Earned**

Proceeds from the 1998 Revenue Bonds are held by US Bank acting as trustee. Interest earnings on the proceeds are retained by the trustee and a corresponding adjustment is made at year end closing to recognize the earnings within this account. There is no projected interest for FY 09-10.

Character Title: Other Financing Sources

Character No.: 653352-46

**4625 OT - W/in Special Dist - BOS**

The revenues supporting this new revenue bond will be collected in the Operations Fund. This account will be used to reflect the transfer of cash from the Operations Fund to this Revenue Bond Fund to cover the annual principal and interest payment.

Character Title: Services and Supplies

Character No.: 653352-60

**6635 Fiscal Agent Fees**

This account records the annual administrative fees from the trustee for the 1998 and 2005 Revenue Bonds.

**6640 Debt Issuance Costs**

This account records the costs associated with the issuance of the 1998 and 2005 Revenue Bonds. This is an annual expense that will be recognized throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

Character Title: Other Charges

Character No.: 653352-75

**7920 Interest**

This account reflects the interest expense on the non-refunded portion of Sonoma Valley 1998 Revenue Bonds at 4.75% and 2005 refunding is serial bonds with interest rates ranging from 4.6% to 5.0%

**7923 Discount/Bonds**

This account records the discount realized upon the issuance of the bonds. This will be an annual expense throughout the life of the bonds. Although this is a non-cash transaction, appropriations are required to record the expense.

Character Title: Other Financing Uses

Character No.: 653352-86

**8625 OT - Within Sp Dist - BOS**

This account reflects the transfer of funds to the Construction Fund to finance Capital Replacement Projects.  
No transfer will be made for FY 09-10.

Character Title: Administrative Control Account

Character No.: 653352-92

**9200 Ent - Principal**

This account reflects the principal expense for revenue bonds issued in FY 98-99 and partial refunding in FY 05-06 to finance the Sonoma Valley CSD's planned capital program. Payments began in 1999 and will continue as interest only from February 2006 until 2019 when principle payment will resume and continue to maturity in 2023. Principal payments on the 1998 non-refunded portion will resume in 2019 when the 2005 issue has been paid off.

Original 1998 Bond Issue	\$21,410,000
FY 05-06 Principal Payments:	<u>(3,855,000)</u>
Outstanding Loan Amount	17,555,000
2005 Portion Refunded	<u>(11,095,000)</u>
Outstanding Balance	\$6,460,000
2005 Refunding Issue	\$10,240,000
FY 07-08 Principal Payments:	<u>(1,295,000)</u>
FY 08-09 Principal Payments:	<u>(690,000)</u>
Outstanding Loan Amount	\$8,255,000

Principal payments begin October 2006 and will continue until maturity in October 2018.

**9209 Ent - Principal Clearing**

This is the clearing account for sub-object 9200, Ent - Principal.

**FY 2009-10 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

Department: Sonoma County Water Agency - Sanitation  
Section: Sonoma Valley CSD - 1998 Revenue Bonds  
Index No.: 653352

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
Undesignated/Unreserved <b>BEGINNING</b> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$384,961	\$486,377	\$586,794
Annual Revenues and Expenditures:			
Revenues - Increase retained earnings	1,424,416	1,426,034	1,398,541
Expenditures - (Decrease) retained earnings	(\$715,650)	(703,270)	(683,041)
Net Surplus or Deficit - Inc/(Dec) to retained earnings	708,766	722,764	715,500
Adjustments to Reserves/Encumbrances:			
9200 Enterprise - Principal	(670,000)	(690,000)	(705,000)
Amortization of Debt Issuance Costs	19,883	19,884	19,884
Amortization of Debt Refunding	51,852	51,852	51,852
Discount on Revenue Bonds Payable	10,917	10,917	11,000
Change in Matured Bonds Payable	(20,000)	(15,000)	-
Net Adjustment - Increase/(Decrease) to Retained Earnings	(607,348)	(622,347)	(622,264)
Undesignated/Unreserved <b>ENDING</b> Retained Earnings			
Available for Budgeting	\$486,377	\$586,794	\$680,030
Total Increase/(Decrease) in Retained Earnings for Fiscal Year (Difference between Beginning and Ending Balance)	\$101,416	\$100,417	\$93,236
<b>Fund Balance Components at Beginning of FY</b>	<b>7/1/07</b>	<b>7/1/08</b>	
Cash	\$1,261,621	\$1,378,400	
Cash with Trustee	17,269	17,300	
Cash with Trustee Res for Debt Service	(12,633)	(12,633)	
Matured Principal Payable	(670,000)	(690,000)	
Interest Payable	(211,296)	(206,690)	
Total Beginning Fund Balance	\$384,961	\$486,377	



**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Section Title:           SONOMA VALLEY CSD - SRF LOAN RESERVE

Section/Index No:    653428

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
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**REVENUES:**

**USE OF MONEY**

1700 Interest on Pooled Cash	\$280	\$1,225	\$945	337.50%
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<b>Subtotal Use of Money</b>	<b>\$280</b>	<b>\$1,225</b>	<b>\$945</b>	<b>337.50%</b>
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**Other Financing Sources**

4625 OT - W/in Special Dist - BOS	\$34,984	\$34,984	\$0	0.00%
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<b>Subtotal Other Financing Sources</b>	<b>\$34,984</b>	<b>\$34,984</b>	<b>\$0</b>	<b>0.00%</b>
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<b>TOTAL REVENUES</b>	<b>\$35,264</b>	<b>\$36,209</b>	<b>\$945</b>	<b>2.68%</b>
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<b>TOTAL NET COST</b>	<b>(\$35,264)</b>	<b>(\$36,209)</b>	<b>(\$945)</b>	<b>2.68%</b>
<i>(Expenditures Minus Revenues)</i>				

# FY 2009-10 BUDGET

## CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - SRF Loan Reserve

Character Title: Use of Money Character No.: 653428-17

### 1700 Interest on Pooled Cash

This account records interest on pooled cash held for the District by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$70,000
Projected Interest Rate	<u>1.75%</u>
Projected/Planned Interest on Pooled Cash	\$1,225

Character Title: Other Financing Sources Character No.: 652428-46

### 4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Reserve Fund to finance the Capital Replacement Program. The amount added to the Capital Reserve Fund each year is \$34,984 (.5% of the final loan amount of approximately \$6,996,831). This transfer will occur each year during the first 10 years of the loan. Interest earned on the Reserve Fund shall remain in the fund. The schedule for transfers to the Reserve Fund is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Balance</u>
07-08	34,984	34,984
08-09	34,984	69,968
09-10	34,984	104,952
10-11	34,984	139,936
11-12	34,984	174,920
12-13	34,984	209,904
13-14	34,984	244,888
14-15	34,984	279,872
15-16	34,984	314,856
16-17	34,984	349,840

Funds held in the Reserve Fund may be used for capital improvements. If used, the District must replace the expended funds at a rate of 10 percent per year. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer to the Construction Fund will be limited to the amount required for the Wastewater Capital Reserve Fund. Any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

NOTE; In order to comply with the State Revolving Fund loan requirements, the ending fund balance of the SVCSD SRF Loan Reserve Fund shall not fall below the required balance in any given year during the 20 year term of the loan.

**FY 2009-10 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

Department: Sonoma County Water Agency - Sanitation  
 Section: Sonoma Valley CSD - SRF Loan Reserve  
 Index No.: 653428

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
Undesignated/Unreserved <b><u>BEGINNING</u></b> Retained Earnings			
Available for Budgeting (See Detailed Components Below)	\$0	\$35,108	\$71,116
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	35,108	36,008	36,209
Expenditures - (Decrease) retained earnings	0	-	-
<b>Net Surplus or Deficit</b> - Inc/(Dec) to retained earnings	35,108	36,008	36,209
<b>Adjustments to Reserves/Encumbrances:</b>	-	-	-
<b>Net Adjustment</b> - Increase/(Decrease) to Retained Earnings	-	-	-
Undesignated/Unreserved <b><u>ENDING</u></b> Retained Earnings			
Available for Budgeting	\$35,108	\$71,116	\$107,325
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> (Difference between Beginning and Ending Balance)	\$35,108	\$36,008	\$36,209

<b><u>Fund Balance Components at Beginning of FY</u></b>	<b><u>7/1/07</u></b>	<b><u>7/1/08</u></b>
Cash	\$0	\$35,108
<b>Total Beginning Fund Balance</b>	\$0	\$35,108

**FY 2009-10 BUDGET**  
**SUMMARY OF REVENUES AND EXPENDITURES**

Section Title: SONOMA VALLEY CSD - SRF LOAN

Section/Index No: 653410

Sub-Object No. and Title	Adopted 2008-09	Requested 2009-10	Difference	Percent Change
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**REVENUES:**

**ADMINISTRATIVE CONTROL**

4200 ENT - LTD Proceeds	\$0	\$0	\$0	N/A
4209 ENT - LTD Proceeds - Clearing	0	0	0	N/A
<b>Subtotal Administrative Control</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

**Other Financing Sources**

4625 OT - W/in Special Dist - BOS	\$440,392	\$443,182	\$2,790	0.63%
<b>Subtotal Other Financing Sources</b>	<b>\$440,392</b>	<b>\$443,182</b>	<b>\$2,790</b>	<b>0.63%</b>

<b>TOTAL REVENUES</b>	<b>\$440,392</b>	<b>\$443,182</b>	<b>\$2,790</b>	<b>0.63%</b>
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**EXPENDITURES:**

**OTHER CHARGES**

7920 Interest	\$160,928	\$0	(\$160,928)	(100.00%)
7930 Interest-L.T. Debt	0	151,590	151,590	N/A
<b>Subtotal Other Charges</b>	<b>\$160,928</b>	<b>\$151,590</b>	<b>(\$9,338)</b>	<b>(5.80%)</b>

**OTHER FINANCING USES**

8625 OT - W/in Special Dist - BOS	\$0	\$0	\$0	N/A
<b>Subtotal Other Financing Uses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

**ADMINISTRATIVE CONTROL ACCOUNT**

9200 Ent - Principal	\$279,464	\$291,592	\$12,128	4.34%
9209 Ent - Principal Clearing	(279,464)	(291,592)	(12,128)	4.34%
<b>Subtotal Administrative Control</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>

<b>TOTAL EXPENDITURES</b>	<b>\$160,928</b>	<b>\$151,590</b>	<b>(\$9,338)</b>	<b>(5.80%)</b>
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<b>TOTAL NET COST</b>	<b>(\$279,464)</b>	<b>(\$291,592)</b>	<b>(\$12,128)</b>	<b>4.34%</b>
<i>(Expenditures Minus Revenues)</i>				

**FY 2009-10 BUDGET  
CHARACTER JUSTIFICATION**

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sonoma Valley CSD - SRF Loan

Character Title: Administrative Control Account Character No.: 653410-42

**4200 ENT - LTD Proceeds**

This account records LTD Proceeds. For FY 09-10 this item will not be budgeted.

**4209 ENT - LTD Proceeds - Clearing**

This is the clearing account for sub-object 4200.

Character Title: Other Financing Sources Character No.: 653410-46

**4625 OT - W/in Special Dist - BOS**

This account will be used to reflect the transfer of cash from the Operations Fund to this Loan Fund to cover the annual principal and interest payment.

Character Title: Other Charges Character No.: 653410-75

**7930 Interest - L. T. Debt**

This account reflects the interest expense for the State Revolving Loan for the Tertiary Treatment Plant Upgrades. The interest rate is 2.50%. Payment begin November 2007 and will continue annually until November 2027.

Character Title: Other Financing Uses Character No.: 653410-86

**8625 OT - Within Sp Dist - BOS**

No operating transfer will be budgeted in FY 09-10.

Character Title: Administrative Control Character No.: 653410-92

**9200 Ent - Principal**

This account reflects the principal expense for the State Revolving Loan for the Tertiary Treatment Plant Upgrade Project.

The following reflects the principal payment history to date:

Original Amount of the Loan:	\$6,996,831
Interest during construction added to principal	10,671
FY 08-09 Principal Payment	(247,600)
Outstanding Loan Amount	<u>\$6,759,902</u>

**9209 Ent - Principal Clearing**

This is the clearing account for sub-object 9200, Ent - Principal.

**FY 2009-10 BUDGET**  
**STATEMENT OF SPECIAL FUND ACTIVITY**

Department: Sonoma County Water Agency - Sanitation

Section: Sonoma Valley CSD- SRF Loan

Index No.: 653410

DESCRIPTION OF FUND ACTIVITY	Actual FY 07-08	Estimated FY 08-09	Requested FY 09-10
<b>Undesignated/Unreserved <u>BEGINNING</u> Retained Earnings</b>			
<b>Available for Budgeting</b> (See Detailed Components Below)	<b>\$0</b>	<b>\$393,709</b>	<b>\$553,891</b>
<b>Annual Revenues and Expenditures:</b>			
Revenues - Increase retained earnings	\$474,162	\$454,240	443,182
Expenditures - (Decrease) retained earnings	(5,867,110)	(\$1,256,632)	(151,590)
<b>Net Surplus or Deficit - Inc/(Dec) to retained earnings</b>	<b>(5,392,948)</b>	<b>(802,392)</b>	<b>291,592</b>
<b>Adjustments to Reserves/Encumbrances:</b>			
9200 Enterprise - Principal	-	(247,600)	(291,592)
Loan Proceeds	5,786,657	1,210,174	-
<b>Net Adjustment - Increase/(Decrease) to Retained Earnings</b>	<b>5,786,657</b>	<b>962,574</b>	<b>(291,592)</b>
<b>Undesignated/Unreserved <u>ENDING</u> Retained Earnings</b>			
<b>Available for Budgeting</b>	<b>\$393,709</b>	<b>\$553,891</b>	<b>\$553,891</b>
<b>Total Increase/(Decrease) in Retained Earnings for Fiscal Year</b> (Difference between Beginning and Ending Balance)	<b>\$393,709</b>	<b>\$160,182</b>	<b>\$0</b>

<b><u>Fund Balance Components at Beginning of FY</u></b>	<b><u>7/1/07</u></b>	<b><u>7/1/08</u></b>
Cash	\$0	\$474,162
Interest Payable	0	(80,453)
<b>Total Beginning Fund Balance</b>	<b>\$0</b>	<b>\$393,709</b>